

Lease / Purchase Agreements for Capital Projects

Purpose

To document the process for entering into a Lease/Purchase Agreement for approved capital projects with intent to own and to project the full financial impact to the town.

Policy

All Capital Lease/Purchase Agreements must be approved at a town meeting or referendum. All departments, boards or commissions, including the Board of Education, shall not enter into a Capital Lease/Purchase Agreement unless it has first been approved at Town Meeting or Referendum.

Procedures

All departments, boards or commissions will request capital funding during the budget process. The Board of Finance will determine the funding options for projects included in the proposed budget. Estimated annual payments and duration will be included in the budget proposal. The BOF may determine that entering into a lease/purchase agreement is the best means for funding.

Following the approval of the budget, the Finance Office will take the lead and will work with the area requesting the capital item to assemble multiple bid proposals and present the best Lease/Purchase proposal to the BOF. The proposal will include total cost, including: interest rate, duration, down payment and any additional expenses.

The Board of Finance shall provide a proposal to a Town Meeting by passing:

- a resolution to enter into a Capital Lease/Purchase Agreement (sample wording attached) and/or release of capital funding, and
- a request to the Board of Selectmen to call a Town Meeting for the purposes of entering into a Capital Lease/Purchase Agreement and/or release of capital funding.

The Resolution language will accompany the package of lease information from the Finance Office.

Capital lease/purchases are recognized as current and future obligations for the duration of the lease. The Capital Lease/Purchase is subject to annual appropriations and the lease agreement should include a non-appropriation of funds clause.

Approved at BOF Regular Meeting on 09/20/2016